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Online Retailers Targeted Over E-Commerce Patent

Portfolio Media, New York (February 1, 2006)--A slew of online retailers, including Expedia, Travelocity, Hotels.com, and Cendant Corp., have been targeted in a new lawsuit over a patent that extends e-commerce technology to third-party websites.

The complaint, filed in a Texas district court, alleges that DDR Holdings and its managing director, Daniel Ross, own rights to two patents involving e-commerce outsourcing systems.

The patents cover a method that provides hosts with transparent, context sensitive e-commerce supported pages. Upon activation of the provided link, a visitor computer is served with a page with the look and feel of the host website and with content based upon the associated commerce object.

“Basically, the patents cover a system for extending the commercial application of a website by putting a link on one website that goes to a second website run by someone else,” explains Louis Hoffman of Hoffman & Zur, the firm representing DDR Holdings. “The second website has a bunch of products offered for sale, typically by third parties,” says Hoffman. “What you do is you make the second page match the look and feel of the first, so that the customer thinks they are still on the originating website.”

”The problem being addressed by these two patents is that customers were becoming lost to the referring website,” Hoffman said.

“This is a way of encouraging people to come back to the original site, but with the happy advantage of having someone else run your system,” he said..

In the late 1990s, the complaint says, Ross founded a company called Nexchange Corporation to commercialize inventions in the patents.

Ross’ company arranged a network of content websites that reached over half of all U.S. internet users, the complaint claims. Over 40 brand-name merchants offered goods or services over the Nexchange network.

DDR Holdings re-acquired the rights to the patent properties when Nexchange dissolved in late 2000.

Now DDR Holdings is asserting its rights to the method, alleging that companies like Hotels.com and Expedia.com use the method to make publicly accessibly over the

internet certain web pages having a look and feel corresponding to the web pages of their subsidiaries.

Those methods include matching identifying banners, active links to other web pages, pull-down menus, and color scheme.

DDR Holdings says that the companies have earned millions of dollars from transactions reliant upon the patented methods, and that they have been aware of the patents since at least November 2004.

“This is a system that provides a great deal of added value to the website host, and a number of companies have done significant business by capitalizing on this invention,” says Hoffman. “We believe that the inventor is entitled to compensation for this rather specific invention, which is not just a standard form of linking to other sites. It’s an advance on how to do affiliate commerce on the internet.”

Other companies named in the suit include OurVacationStore, Inc., National Leisure Group, Inc., and Site59.com.

A jury trial is demanded in the complaint, as well as unspecified damages.

The suit is the latest in a string of patent infringement actions racking e-commerce companies. In the most publicized battle, e-commerce giant Amazon.com Inc. and Cendant have been engaged in on-again off-again bickering since October 2004, when Cendant alleged in a federal lawsuit that Amazon’s "recommendations" feature infringed on a Cendant business method patent.

The patents at issue are U.S. Patent No. 6,629,135 and U.S. Patent No. 6,993,572.

DDR Holdings is represented in the matter by Roth Law Firm, P.C., and Hoffman & Zur.

The case is DDR Holdings, LLC v. Hotels.com Et Al, U.S. District Court, Eastern District of Texas, case no. 2:06-CV-00042.

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